

# Financial Results for the 3<sup>rd</sup> Quarter of Fiscal Year Ending March 31, 2019

February 13, 2019

**Chiyoda Corporation**

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# 1. Results Highlights

- ◆ **3Q Results (Oct.-Dec. 2018) resulted in a deficit of 19.5 bn JPY**
  - Additional Cost arise to comply to the execution schedule of Cameron LNG and Tangghu LNG
  - Ongoing negotiation with the client on reimbursement for these further costs
- ◆ **Full-Year Forecast remains unchanged**
- ◆ **New Order of Golden Pass LNG Project**
  - To be booked in the 4Q
  - Chiyoda's Scope of Work is limited to Engineering & Procurement
- ◆ **Review of MTMP\* is progressing as planned**

\* Medium-Term Management Plan

## 2. Financial Summary

(Billions of Yen)

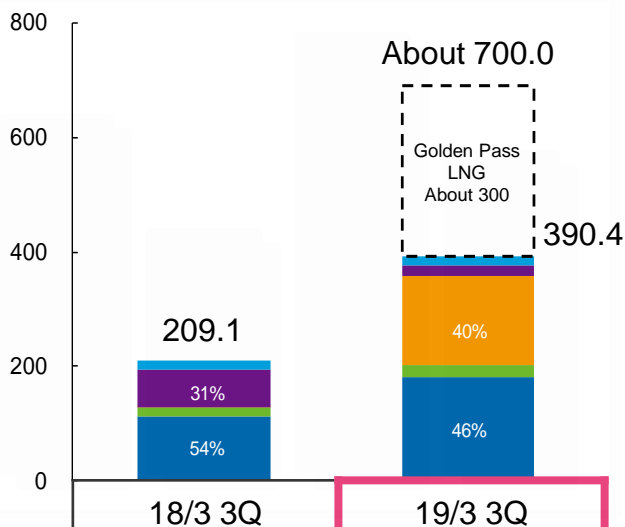
	18/3 3Q	19/3 3Q	Difference	Difference (%)	Full-Year Forecast*1	Progress (%)
New Orders	209.1	390.4	181.3	86.7%	800.0	48.8%
Backlog	695.0	728.1	33.1	4.8%		
Revenues	385.9	306.1	(79.9)	(20.7)%	400.0	76.5%
Operating Income	(8.8)	(107.8)	(98.9)	—	(86.5)	—
Ordinary Income	(8.4)	(107.0)	(98.6)	—	(86.5)	—
Profit (Loss)*2	5.2	(128.2)	(133.2)	—	(105.0)	—
					Assumption	
Exchange Rate	113 JPY/\$	111 JPY/\$			115 JPY/\$	

1\* Revised in the 2<sup>nd</sup> Quarter

2\* Profit (Loss) attributable to owners of parent

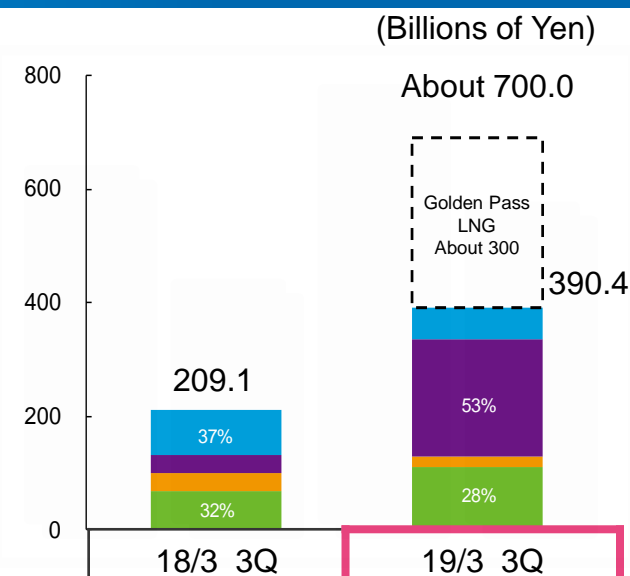
# 3. New Orders

## By Region



ME & Africa	14.8	13.6
SEA & Oceania	65.4	20.4
Americas	2.2	155.4
Others	13.5	21.2
Overseas Total	95.9	210.6
Domestic Total	113.2	179.8

## By Field



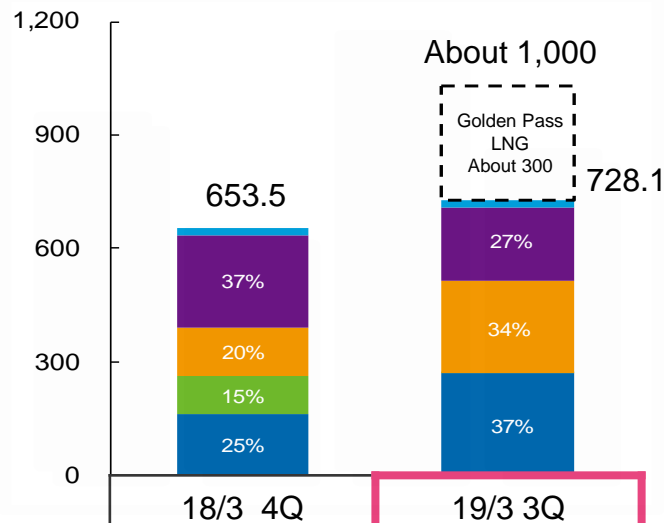
Energy	LNG Plant, Gas Related Work	77.4	56.1
	Refinery, Petrochemical, Metal	33.3	206.0
Environment	Pharmaceutical, Biochemistry, Chemical	30.5	18.1
	Environment, New Energy, nrastructure	67.9	110.2

## Major New Orders

	Over 100 billions of Yen	Over 50 billion of Yen	Over 1 billions of Yen
Overseas	Ethylene (U.S.A) Golden Pass LNG (to be booked in 4Q)		Change Order Yamal LNG
Domestic			Biomass, Energy Storage System

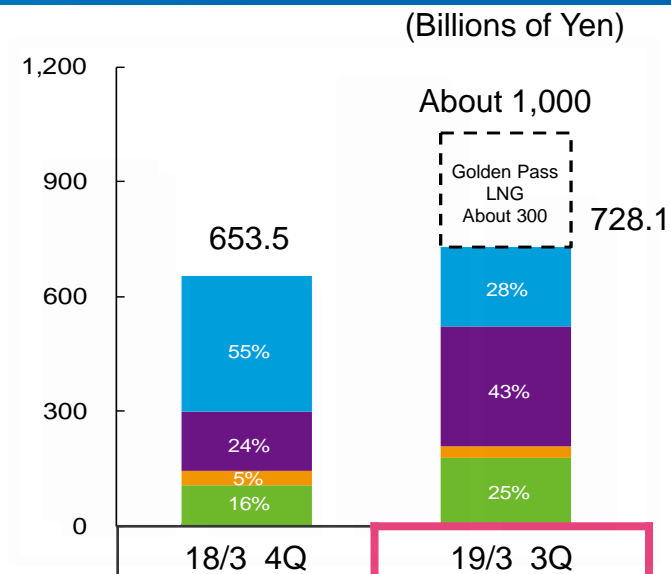
# 4. Backlog

## By Region



ME & Africa	19.2	19.6
SEA & Oceania	242.3	195.0
Americas	131.0	245.3
Others	97.8	0.2
Overseas Total	490.3	460.0
Domestic Total	163.2	268.1

## By Field



Energy	LNG Plant, Gas Related Work	356.6	207.9
	Refinery, Petrochemical, Metal	155.0	312.5
Environment	Pharmaceutical, Biochemistry, Chemical	36.1	28.4
	Environment, New Energy, Infrastructure	105.8	179.3

## Major New Orders

	Over 100 billions of Yen	Over 50 billion of Yen	Over 10 billions of Yen
Overseas	Ethylene (U.S.A) Golden Pass LNG (to be booked in 4Q)	Cameron LNG, Tangghu LNG	Freeport LNG
Domestic			Biomass, Energy Storage System, Mega Solar Petrochemical Project

## 5. Income-related Items

(Billions of Yen)

	18/3 3Q	19/3 3Q	Difference	Full Year Forecast*1
Revenue	385.9	306.1	(79.9)	400.0
Gross Profit	6.3 1.6%	(94.2) (30.8)%	(100.4) (32.4pt)	(68.0) (17.0)%
SG&A expenses	(15.1)	(13.6)	1.5	(18.5)
Operating Income	(8.8) (2.3)%	(107.8) (35.2)%	(98.9) (32.9pt)	(86.5) (21.6)%
Non-operating income and expenses	0.4	0.7	0.3	0.0
Ordinary Income	(8.4) (2.2)%	(107.0) (35.0)%	98.6 (32.8pt)	(86.5) (21.6)%
Extraordinary income (loss), Income taxes, others*2	13.6	(21.1)	(34.7)	(18.5)
Profit (Loss) *3	5.2 1.3%	(128.2) (41.9)%	(133.2) (43.2pt)	(105.0) (26.3)%

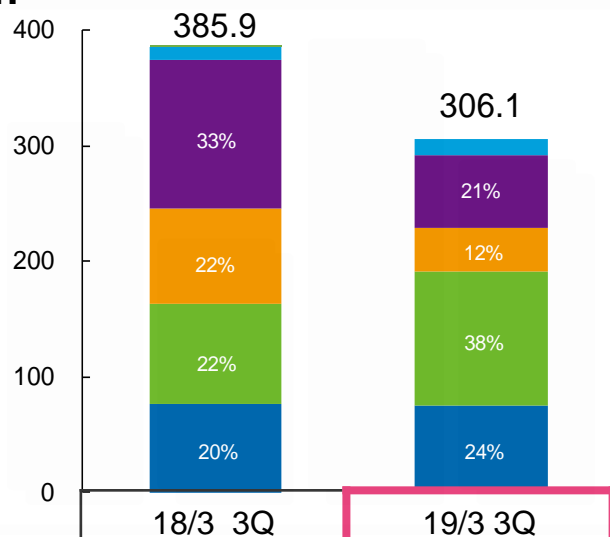
1\* Revised in the 2<sup>nd</sup> Quarter

2\* Profit (Loss) attribute to non-controlling interests

3\* Profit (Loss) attribute to owners of parent

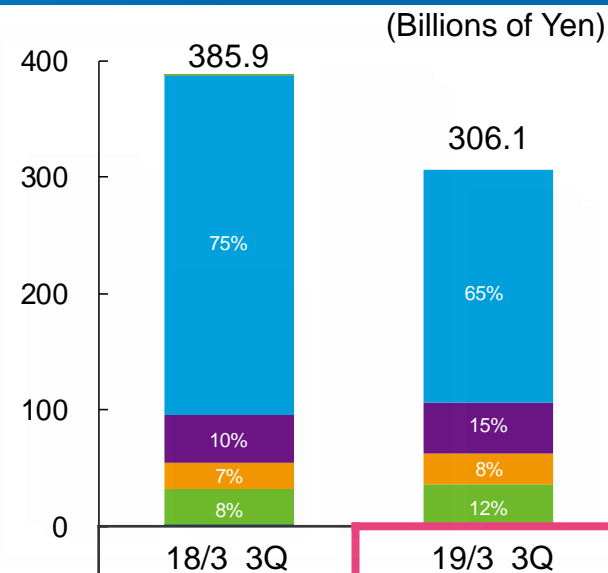
# 6. Revenues

## By Region



ME & Africa	12.2	13.8
SEA & Oceania	128.0	63.4
Americas	83.0	37.5
Others	85.7	116.8
Overseas Total	308.9	231.5
Domestic Total	77.0	74.6

## By Field



Energy	LNG Plant, Gas Related Work	290.7	199.5
	Refinery, Petrochemical, Metal	41.3	44.2
Environment	Pharmaceutical, Biochemistry, Chemical	23.0	25.8
	Environment, New Energy, nrastructure	30.9	36.6

## Major New Orders

	Over 100 billions of Yen	Over 50 billion of Yen	Over 10 billions of Yen
Overseas	Yamal LNG		Ichthys LNG, Cameron LNG, Freeport LNG Ethylene (USA)



# 7. Balance Sheet

(Billions of Yen)

	Mar 31, 2018	Dec 31, 2018	Difference
<b>Current assets</b>	<b>374.5</b>	<b>343.4</b>	<b>(31.0)</b>
Cash and deposits*1	104.0	58.1	(46.0)
Operating assets *2	92.8	105.1	12.3
Accounts receivable - other	42.0	59.7	17.8
Jointly controlled assets of joint venture *3	131.4	115.5	(15.9)
Other	4.3	5.1	0.8
<b>Non-current assets</b>	<b>45.9</b>	<b>33.2</b>	<b>(12.7)</b>
Property, plant & equipment	12.1	11.6	(0.5)
Intangible assets	5.7	5.0	(0.7)
Investment and other assets	28.1	16.5	(11.6)
<b>Total assets</b>	<b>420.3</b>	<b>376.6</b>	<b>(43.7)</b>

\*1. Cash and deposits = Cash and deposits + Short-term investment securities, incl. negotiable deposit

\*2. Operating assets = Notes receivable, accounts receivable from completed construction contracts + Costs on uncompleted construction contracts

\*3. Jointly controlled assets of joint venture = Cash and deposits of joint venture proportional to Chiyoda's interest

\*4. Operating liabilities = Notes payable, accounts payable for construction contracts + Advances received on uncompleted construction contracts

	Mar 31, 2018	Dec 31, 2018	Difference
<b>Current liabilities</b>	<b>247.8</b>	<b>327.0</b>	<b>79.2</b>
Operating liabilities *4	223.9	261.3	37.4
Provision for loss on construction contracts	3.3	43.4	40.1
Others	20.6	22.3	1.7
<b>Non-current liabilities</b>	<b>13.1</b>	<b>18.7</b>	<b>5.6</b>
Long-term loans payable	10.0	15.9	5.9
Others	3.1	2.8	(0.3)
<b>Net Assets</b>	<b>159.4</b>	<b>30.9</b>	<b>(128.5)</b>
Capital Stock	156.1	25.9	(130.2)
Others	3.4	5.0	1.7
<b>Liabilities and net assets</b>	<b>420.3</b>	<b>376.6</b>	<b>(43.7)</b>

<b>Shareholders' equity</b>	<b>157.6</b>	<b>29.0</b>	<b>(128.6)</b>
<b>Shareholders' equity ratio</b>	<b>37.5%</b>	<b>7.7%</b>	<b>(29.8pt)</b>

## 8. Forecast Breakdown

(Billions of Yen)

	Results FY 2017	Forecasts FY 2018	Difference
<b>New Orders</b>	<b>301.2</b>	<b>800.0</b>	<b>498.8</b>
Overseas	149.5	600.0	450.5
Domestic	151.7	200.0	48.3
<b>Revenues</b>	<b>510.9</b>	<b>400.0</b>	<b>(110.9)</b>
Overseas	401.1	300.0	(101.1)
Domestic	109.8	100.0	(9.8)
<b>Gross Profit</b>	<b>8.6</b>	<b>(68.0)</b>	<b>(76.6)</b>
SG&A Expenses	(20.9)	(18.5)	(2.4)
<b>Operating Income</b>	<b>(12.3)</b>	<b>(86.5)</b>	<b>(74.2)</b>
Non-operating Income and Expenses	2.2	0.0	(2.2)
<b>Ordinary Income</b>	<b>(10.1)</b>	<b>(86.5)</b>	<b>(76.4)</b>
Extraordinary income, Income taxes, Profit attributable to non-controlling interests	16.5	(18.5)	(35.0)
<b>Profit (Loss) *</b>	<b>6.4</b>	<b>(105.0)</b>	<b>(111.4)</b>

\*Profit attribute to owners of parent.

# 9. Ongoing Major Projects Overview

Project	Freeport LNG		Cameron LNG	Tangguh LNG
Client	Freeport LNG		Cameron LNG LLC	BP Berau
JV Partner	Tr-1, 2	Tr-3	McDermott	Saipem / Tripatra / SAE
	Chiyoda Group participates as a subcontractor	McDermott Zachry		
Construction site	Texas, USA		Louisiana, USA	West Papua, Indonesia
Contract scheme	Lump sum		Lump sum	Lump sum
Capacity	13.9 mtpa (3 Trains)		13.5 mtpa (3 Trains)	3.8 mtpa (1 Train)
Contract Date	FY 2013 Q3	FY 2014 Q4	FY 2013 Q4	FY 2016 Q2
Completion Rate	~95%	~85%	~90%	~50%
Status*	<ul style="list-style-type: none"> <li>Contract Scheme for Tr. 1 &amp;Tr.2: Chiyoda participates as a subcontractor</li> <li>Contract Scheme for Tr. 3: Chiyoda is 33% JV partner</li> <li>Progress for Tr. 1 &amp;Tr.2: about 95% for Tr. 3: about 90%.</li> <li>About 7,000 workers are engaged in construction work</li> </ul>		<ul style="list-style-type: none"> <li>Progress rate ~90% along last year's revised schedule</li> <li>Tr.1 is soon reaching completion</li> <li>About 9,000 workers are engaged in construction work</li> <li>Additional costs occurred in Q3 due to intensive mobilization workers for completion of Tr.1</li> <li>Chiyoda plans to recover these additional costs from client</li> </ul>	<ul style="list-style-type: none"> <li>Delays in clients scope of work lead to significant delays in JV scope of work.</li> <li>Additional acceleration costs in 3Q occurred to comply with the schedule</li> <li>Ongoing negotiations with customer to reimburse above costs</li> </ul>

# 10. New Order of Golden Pass LNG

**Client** : Golden Pass Products  
: (JV: Qatar Petroleum 70%, ExxonMobil30%)

**Site** : Sabine Pass, Texas, U.S.

**JV Partner** : Zachry / McDermott

**Capacity** : 15.6 mtpa (3 Trains each approx. 5.2 mtpa)

**Completion** : 2024 (Plan)



- ◆ Chiyoda's scope of work is limited to engineering and procurement
- ◆ Construction work is in the scope of Zachry and McDermott who provide their own skilled labors; both companies have extensive experience in Texas
- ◆ Zachry and McDermott are responsible for construction related risks such as productivity of labor

# 11. Performance Indicators (Reference)

	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended March 2018	Forecast FY ending March 2019
Gross profit margin (%)	9.5	6.8	6.3	1.7	(59.7)
SG&A expenses to revenues (%)	5.0	4.2	3.7	4.1	4.6
Operating income to revenues (%)	4.5	2.6	2.6	(2.4)	(21.6)
Ordinary income to revenues (%)	4.6	2.6	(0.5)	(2.0)	(21.6)
Profit to revenues (%)	2.3	0.6	(6.8)	1.3	(26.3)
Return on assets <ROA> (%)	4.5	3.1	(0.6)	(2.3)	
Return on equity <ROE> (%)	5.5	1.7	(23.1)	4.1	
Profit per share <EPS> (JPY)	42.6	13.0	(158.8)	24.9	
Book value per share <BPS> (JPY)	796.9	772.9	599.8	608.4	
Shareholders' equity ratio (%)	40.0	37.9	33.7	37.5	
Current ratio (%)	151.0	146.3	141.2	153.0	
Fixed ratio (%)	34.5	36.6	23.2	25.6	
Debt-to-equity ratio <DER> (Times)	0.05	0.05	0.07	0.06	

## Forward-Looking Statements

Any projections included in these materials are based solely on information available at the time this presentation was prepared. It is possible that actual results may vary significantly from the projections due to a number of risk factors such as economic conditions. The results projected here should not be construed in any way as being guaranteed by the Company. Investor are recommended not to depend solely on these projections for making investment decisions.

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